CANADEXPORT

Volume 24 > Number 3

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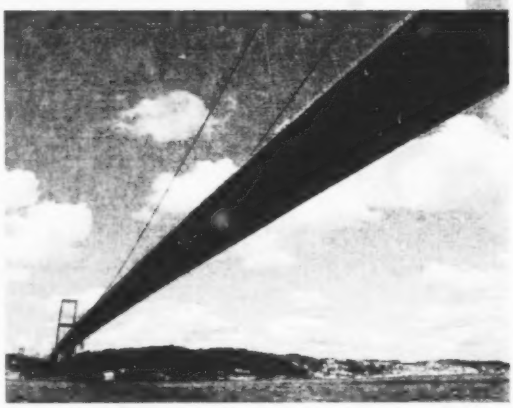
## Your bridge to the EU and beyond

**Toronto, March 30, 2006 >** The Munk Centre for International Studies at the University of Toronto and the Canadian Turkish Business Council present the conference, **Business Strategies in an Enlarging EU: Opportunities in Turkey and Southeastern Europe**.

The conference will highlight the experiences of leading Canadian companies already successful in the region and will coincide with the visit of a Turkish business delegation visiting North America. The event is being organized with the support of International Trade Canada, Foreign Affairs Canada and Export Development Canada (EDC). Together with international financial institutions, EDC will discuss financing strategies for this market. The conference will offer a frank assessment of what is possible in a region with huge potential. To allow access to panellists and senior executives, seating will be limited.



*Bridge over the Bosphorus, Istanbul.*

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## Canadian kitchen supplier matched with U.S. buyer

In search of the 'right' high-end kitchen cabinetry supplier, Lee Lumber, one of Chicago's largest pro-dealers, decided to look north of the border. The result: an international partnership that has the potential to become the most significant account for Ontario-based Irpinia Kitchens.

Since 1960, Irpinia Kitchens has built an international reputation as a leading manufacturer of high-quality kitchens. It was Irpinia's attention to detail—from the dowels the company uses to square individual pieces to the exotic paints and veneers that coat its finished products—that attracted Lee Lumber.

The business connection was made through the Canadian Consulate General in Chicago and Canada Mortgage and Housing Corporation (CMHC) in Toronto.

Lee Lumber had already been working with Canadian lumber suppliers when it approached Trevor Smith of the Canadian Consulate General in Chicago for the names of firms that could meet its need for high-end cabinets. Smith contacted Paulina Barnes, Senior Trade Consultant with CMHC International in Toronto, who then qualified companies based on the buyer's specific needs and suggested Irpinia Kitchens as one of the potential suppliers. Barnes then organized a visit to Irpinia's production facilities, where Lee Lumber was able to confirm Irpinia's commitment to quality and choice—both in finishes and wood species.

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## Who should attend and why?

Canadian companies with experience in the region can make new contacts and partnerships as well as reinforce existing relationships. For many Canadian firms, Turkey and Southeastern Europe could be a new market and gateway to other markets: west to the EU and east to the Caucasus.

Throughout the region, there are opportunities in traditional sectors such as mining, agriculture and energy, but the push for EU membership and the imperative to align to its standards has raised the priority of emerging sectors such as health care and environmental services. Even prior to accession, countries are adopting EU norms and practices. Upon accession, members must fully adhere to EU business codes of conduct.

Turkey and Southeastern Europe, with 130 million people and a combined GDP of $852 billion, are growing rapidly and present a market of immense opportunity. Much of the region is undergoing important social and economic change as it modernizes and views EU membership as its primary goal. Bulgaria and Romania are scheduled to enter the EU on January 1, 2007. In 2005, EU membership discussions were formally started with Turkey, and Croatia received the green light for accession talks to begin.

These political developments have been accompanied by a growing number of private-sector banks (like Germany's HVB and Deutsche Bank and Italy's Unicredito) and international financing organizations (EBRD, European Investment Bank, Black Sea Development Bank) that have invested and established offices throughout the region. This growth of banking and financial services infrastructure makes Turkey even more attractive.

In general, Southeastern Europe and Turkey are areas that Canadian exporters tend to be less familiar with, but with the region experiencing unprecedented growth, there are many trade and investment opportunities worth exploring.

## Turkey

Turkey has a population of over 71 million and is the world's 17th-largest economy. The country has a stable economic environment and its increasing commercial links with the EU are creating considerable foreign business and investor enthusiasm.

Turkey is expected to outpace the average growth of countries in the EU over the coming years by a wide margin. While the European Commission predicts growth for the EU in 2006 at 2.1%, Turkey's economy is expected to expand by over 6%. Inflation in the entire EU and the 12-nation euro zone will be approximately 2.5% in 2006, while inflation is expected to decline to under 5% in Turkey. This strong growth and low inflation represent tremendous commercial potential for Canadian business. Turkey continues to diversify its trade and investment with neighbouring regions. Its

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proximity to the EU, Eastern Europe, Russia and to the emerging markets and natural resources of Central Asia and the Caucasus, is creating unique business opportunities.

Prospects for commercial relations have been enhanced as a result of Turkey's Customs Union Agreement with the EU and with bilateral pre-accession talks with the EU this past October. The potential for eventual EU membership is accelerating Turkey's structural transformation into a market economy that is more open and transparent. As a result, the country's investment climate is improving.

Bilateral trade between Canada and Turkey has more than tripled in the last decade. In 2004, bilateral trade totaled $975 million, with Canadian exports at $365 million and imports from Turkey at $610 million. The principal Canadian exports were coal, newsprint, wheat, wood pulp, telephone equipment, aluminum and vegetables while the main items imported from Turkey were non-crude oil, iron, steel and clothing.

With Canadian direct investment in Turkey now valued at over $766 million, this is an ideal time for Canadian companies to explore the many opportunities Turkey has to offer. These are particularly encouraging in sectors such as energy, transportation, mining, construction, telecommunications and agriculture as well as in consulting engineering and infrastructure equipment and services.

## Southeastern Europe

In recent years, the countries of Southeastern Europe have posted impressive growth rates averaging over 4% per year. The population of Southeastern Europe, at 62 million, is roughly the same as Turkey's at 69 million; similarly, total GDPs are almost equal, with Southeastern Europe at $452 billion and Turkey at $400 billion.

Southeastern European countries view EU accession as the most important step forward for their future economic growth. This region is a viable market on its own but should also be viewed as a springboard to wider involvement in the 450-million-strong EU market. The most important trading partners for Southeastern Europe are countries of the EU, although intra-regional trade has become increasingly important. In fact, there are numerous inter- and intra-regional free trade agreements already in place.

The other major aim of Southeastern European countries is to attract foreign direct investment (FDI). The competition among countries in the region to attract FDI is fierce, and each country offers national treatment and financial incentives.

Although there are opportunities in many industrial sectors, the best prospects are in transportation, energy, telecommunications and information technologies, environmental services and equipment, agriculture and food products and machinery. In 2004, exports from Canada to Southeastern Europe were valued at $477 million while imports totalled $425 million. Canadian investment is approximately $1.8 billion.

## Get in on the action early

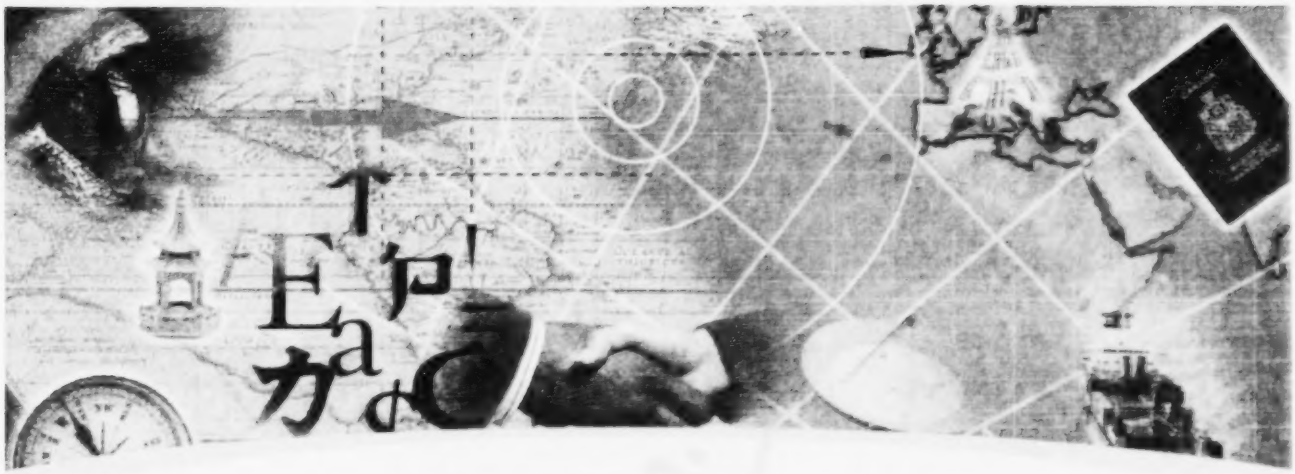
Turkey and Southeastern Europe provide an important bridge to the EU, the Middle East and the Community of Independent States. This is particularly true of Turkey, already a major commercial partner of Canada in the region. With the region poised for significant growth, now is a great time for Canadian companies to get in "on the ground floor."

### Agri-food mission to Turkey

The Canadian-Turkish Business Council (CTBC), with the assistance of the Canadian Embassy in Turkey, International Trade Canada and Agriculture and Agri-food Canada, is planning an agri-food mission to Turkey from November 6-10, 2006. See *CanadExport*'s upcoming March 1 issue for a feature on opportunities in Turkey's agri-food market.

For more information, contact Robert Austin, Munk Centre for International Studies, University of Toronto, tel.: (416) 946-8942, email: robert.austin@utoronto.ca, or go to the conference website at www.utoronto.ca/neweurope.

**For more information** on Turkey and Southeastern Europe, contact Brian Hood, Trade Commissioner (Southeastern Europe), International Trade Canada, tel.: (613) 944-1562, email: brian.hood@international.gc.ca, or David Clendenning, Trade Commissioner (Turkey), tel.: (613) 996-4484, email: david.clendenning@international.gc.ca.



THE CANADIAN TRADE COMMISSIONER SERVICE

## GLOBE 2006: World marketplace for environmental innovation

**Vancouver, March 29-31, 2006 > GLOBE 2006** is the ninth event in a series of trade fairs and conferences on the environmental sector. This bi-annual event brings together business leaders, policy makers and solutions providers to discuss trends and showcase technology solutions to the world's environmental problems.

Over 400 leading technology companies from around the world will present a wide range of environmental solutions including alternate energy sources, air quality management, climate change, green building products and technologies, sustainable construction, industrial and solid waste management, recycling, urban environmental management, fuel cell technologies, energy efficient vehicles and transportation.

With representatives from over 75 countries expected to attend, GLOBE 2006 provides an exceptional opportunity for export-ready Canadian companies in the environmental field looking to reach international markets.

The conference covers four major themes:

### Corporate sustainability

Information and analysis on the trends, systems and tools that are driving competitiveness to the next level under tough accountability requirements, and increasing shareholder and consumer demands.

### Energy and the environment

A comprehensive update on the global climate change agenda, creative solutions to increasing energy demand, new technologies, and how companies are seizing emerging business opportunities.

### Finance and sustainability

Explore the relationship between sustainable development and finance, with a focus on clean technology investment, regulation and policy, capital markets and responsible investment strategies.

### Building better cities

Leading planners, architects, urban design specialists and municipal leaders share how they are incorporating sustainability principles into the design and construction of buildings, urban transportation systems, and energy and water systems.

### The Export Café at Globe 2006

International Trade Canada is once again hosting an Export Café at GLOBE 2006. The Export Café provides Canadian exporters with access to over 50 Canadian trade commissioners stationed around the world. Companies looking to export for the first time, enter new markets or establish strategic partnerships will have the opportunity to meet trade officers in small groups and in one-on-one discussions to explore international business opportunities.

**For more information** on the Export Café, or to register, contact Isabelle Therrien, Trade Commissioner, International Trade Canada, tel.: (613) 996-1758, email: isabelle.therrien@international.gc.ca, website: www.globe2006.com.

Irpinia Kitchens Vice President Marcello Marcantonio says the Canadian government was critical in identifying the business opportunity. "There are a million companies out there," he says. "Without the support of the Consulate General and CMHC in bringing this prospect to the surface, we would never have known it was there."

Within three months, Irpinia had a deal to offer cabinets through Lee Lumber's Spaces & Views showrooms.

"Our role is to get the buyers and sellers together," says Trevor Smith, Business Development Officer at the Canadian Consulate General in Chicago.

## A history of exports

Irpinia began shipping its goods to the U.S. in the late 1980s, and now credits about 80% of its annual sales to exports. The company continues to invest in infrastructure to meet the growing demand. In the past three and a half years, Irpinia has invested some $10 million in a new 75,000-square-foot manufacturing facility and its related technology. Its custom cabinetry can now be finished using the precision of a robotic paint line. About five acres of its Richmond Hill site (located north of Toronto) have already been earmarked for expansion plans.

Barnes says that Irpinia's established reputation in the U.S. market helped the company earn the recommendation for the work.

"We looked at the product requirements and then identified the appropriate manufacturers," says Barnes. "Not only was there a fit with Irpinia's product but its commitment to the U.S. market has been exceptional." In Chicago, the competition in the high-end kitchen cabinetry business is mostly European, hence the need to identify quality Canadian companies that have the right products and are savvy in the export business.

CMHC International offices in Toronto, Montreal, Vancouver, Calgary and Halifax facilitate lucrative export deals each year, and continue to seek new suppliers of Canadian-made building materials for U.S. markets. CMHC International also helps pre-screen prospective buyers to ensure they have a specific need to fill.

## Shipments made, lessons learned

"Of course, knowledge of a business opportunity is only the beginning. A company's level of service is the key to securing a larger share of the U.S. market, particularly in the era of a strong Canadian dollar," says Marcantonio. "For example, the Canada-U.S. border presents several challenges to shipping and logistics needs, and some of Irpinia's lessons were learned the hard way. When it first began exporting products, the manufacturer secured a showroom in Denver, but it had yet to identify other customers along the transportation corridor," he says.

"The first four markets anyone should have under their belt are New York, Los Angeles, Chicago and Florida," Marcantonio says in retrospect, referring to various transportation corridors stretching between Ontario and the U.S. "Once those hubs are in place, exporters are in a better position to source business in smaller centres along the way."

chens.

By consolidating shipments within a defined area, it's possible to control the transportation costs that can affect a customer's profitability, and Irpinia has made significant investments in software to ensure orders are properly filled—from the point of sale to the final shipment.

"You've got to measure twice, cut once," says Marcantonio, using an old carpenter's adage. That said, there is success to be found in a market 10 times the size of Canada's. After all, Irpinia opened with 11 employees in 1990 and now has 100—75 of whom work on the production floor—and its distribution network of nine U.S. dealers just three years ago has grown to 23.

**For more information**, contact: Paulina Barnes, CMHC International, email: pbarnes@cmhc.ca, website: www.cmhc.ca. Marcello Marcantonio, Irpinia Kitchens, email: sales@irpinia.com, website: www.irpinia.com. Trevor Smith, Canadian Consulate General in Chicago, email: trevor.j.smith@international.gc.ca, website: www.chicago.gc.ca.

## Language training firm to open centre in Syria

**Damascus, Syria >** After eight weeks of intense negotiations, English Canada World Organization (EC) signed a five-year deal to open a Canadian language centre at the Wadi German Syrian University (WGSU) —a new English-language university in the El Wadi region of Western Syria.

"It's great to see a Canadian firm involved in educational development, a field where Canadian companies like EC have valuable expertise to offer," says Canada's Ambassador to Syria Brian Davis.

The WGSU plan is based on a consortium in which German partners will provide the technical curriculum and professors, Syrians will provide the educational facilities and students, and Canadians will provide the preparatory English program and teachers.

EC offers businesses, governments and educational institutions the opportunity to enter the growing market for English-language training, with a high-quality program and Canadian content. In a matter of months—as the Syrian partnership illustrates—EC can set up a fully functional Canadian language institute in a foreign country.

### Trade Commissioner Service at work

Using International Trade Canada's Trade Commissioner Service network, EC is working to identify potential partners, with the goal of opening two to four overseas centres per year. EC is also working closely with Industry Canada to meet the objectives of the Language Industries Program, which supports firms in the marketing and branding of Canada's language industries for products and services in English, French and other languages.

"The Canadian Embassy in Damascus was exceptionally helpful in supporting EC's initiative in Syria and we wouldn't have concluded this deal in eight weeks without the exemplary service of the trade commissioners in Damascus," says EC's President and CEO, Dr. Tom Musial.

**For more information**, contact Dr. Tom Musial, President and CEO, English Canada World Organization, email: tom.musial@EnglishCanada.org, website: www.englishcanada.org.

## Get into the Angolan market with FILDA

**Luanda, Angola, July 17-23, 2006 >** Canadian businesses that have been eyeing the Angolan market should consider participating in Luanda's international trade fair—**Feira Internacional de Luanda** (FILDA)—the second-largest trade fair in southern Africa.

Every year, all roads lead to FILDA as it is Angola's most important business and industrial event. It provides an excellent opportunity for companies wishing to showcase and demonstrate their products to meet with key contacts in both government and the private sector, and initiate joint ventures and partnerships. Last year's edition attracted over 650 companies, an increase of 35% from the previous year. In fact, some 200 companies came from 17 countries, with over 9,000 visitors taking part.

Among the highlights at FILDA are the awards for outstanding exhibits and innovations. A team of judges visits each booth and evaluates the most innovative technology at the show with the winner being awarded the Golden Lion for Technical Innovation. In 2005, Angolan cellular operator Movicel, using Nortel Network's CDMA EVDO technology, won the Golden Lion at the show.

### Helpful hints

Like many trade fairs, the cost to exhibit may seem high, but the initial investment of time and money can translate into high returns once the market is penetrated. Be sure to book accommodations and flights early and ship goods ahead of time to avoid customs delays. Also, remember to have promotional material translated into Portuguese and ensure that Portuguese-speaking people work the stand.

Whether exhibiting or visiting, being at FILDA is a great opportunity for Canadian businesses to gauge the potential of this growing market and to assess the potential for partnerships. **For more information**, contact Expo Angola, email: aia@netangola.com, or the Canadian Embassy in Harare, email: hrare-td@international.gc.ca.

## Canada stand confirmed for lucrative hotel event

**Dubai, U.A.E., June 4-6, 2006 > Hotel Show 2006**, the largest trade fair for the hospitality industry in the Arabian Gulf, is expected to attract over 7,000 hotel professionals from the region, and there will be a Canadian stand.

Throughout the Arabian Gulf, spectacular growth of the tourist, leisure and business travel industry is fuelled by both government initiatives and private-sector developers. In Dubai alone, plans are in place for the construction of 150 new hotels. In fact, many of the area's 200,000 existing hotel rooms are being renovated. Hotel Show 2006 is an ideal venue for Canadian suppliers seeking to enter or expand in this market. The Canadian exhibitor package will include a briefing on the region, introductions to buyers and distributors and the trade services of the Canadian Consulate in Dubai.

**For more information**, contact Terry Gain, Show Agent, tel.: (416) 932-1173, email: terry.gain@interlog.com, or Sanam Shahani, Trade Commissioner, Canadian Consulate in Dubai, email: sanam.shahani@international.gc.ca, website: www.dmgdubai.com.

## Build your contacts at Export Alliance Construction 2006

**Montreal, March 20, 2006 >** Join general contractors, architects, distributors and manufacturing agents for **Export Alliance Construction 2006**, a one-day networking event organized exclusively for businesses in the construction industry.

This event attracts some 100 participants every year, including U.S. buyers from the residential, commercial, industrial and institutional construction sectors. Last year, more than 250 business meetings were organized for Quebec manufacturers. Don't miss the largest construction networking event in Quebec!

**For more information**, go to www.exportalliance.com or contact Nëj Monnette, World Trade Centre Montreal, tel.: (514) 871-4002, ext. 6218, email: nmonnette@ccmm.qc.ca.

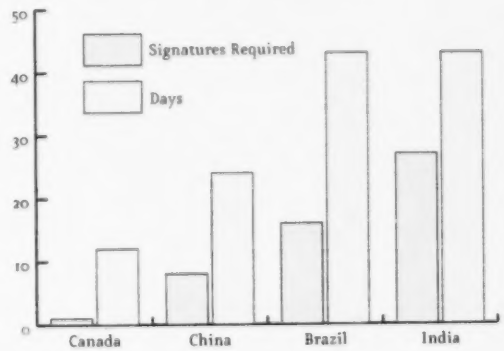
This event is organized in partnership with Quebec's ministère du Développement économique, de l'Innovation et de l'Exportation and the Société d'habitation du Québec.

## Importing into emerging markets costs more than just money

China, India, and Brazil have been developing rapidly, and present many opportunities for which imports from countries such as Canada are required. But it is costly to import goods, and those costs extend beyond the financial. To import a standardized shipment of goods into Canada requires one signature and takes twelve days. For the emerging markets, however, more signatures are required, ranging from a low of 8 in China to a high of 27 in India. And the time cost of importing is also substantial. It takes that standardized shipment 24 days to be imported into China, and 43 into Brazil and India—2 and 3.6 times the length required to import into Canada. It can be easy to forget the non-financial costs of trading; with regard to the emerging markets, this would be an expensive oversight.

*Provided by the Trade and Economic Analysis Division (www.international.gc.ca/eet).*

**Importing Goods: Non-Financial Costs**




*Source: World Bank data. Data calculated based on requirements for a standardized cargo of goods.*

## TRADE EVENTS

**Munich, Germany**
**May 16-19, 2006**
**Automatica** is an international trade fair on assembly and handling technology, robotics, machine vision and its associated technologies.
**Contact:** Brigitte Mertens, Munich International Trade Fairs Canada, tel.: (416) 237-9939, fax: (416) 237-9920, email: bmertens@canada-unlimited.com, website: www.canada-unlimited.com.

**Colorado Springs, Colorado**
**April 3-6, 2006**
The **National Space Symposium** is a must-attend policy and program forum on commercial, civil and national security. The Canadian Consulate General in Denver is coordinating the Canadian participation at this event and will host a Canadian stand.
**Contact:** Nathalie Couture, Canadian Consulate General in Denver, email: nathalie.couture@international.gc.ca, website: www.nationalspacesymposium.org.

**Beijing, China**
**March 22-24, 2006**
The **China International Food Safety Fair and Summit** will focus on all aspects of the food safety industry, from controls, research and application, to international food trade trends.
**Contact:** Andrew Lam, Canadian Embassy in China, tel.: (011-86-10) 6532-3536, ext. 3372, email: andrew.lam@international.gc.ca, website: www.beijing.gc.ca.

**Ho Chi Minh City, Vietnam**
**September 27-29, 2006**
Don't miss **Food & Hotel Vietnam**, the country's largest international food and hospitality event, and access a winning combination of food and hospitality resources, programs and quality exhibitors in one of the region's fastest-growing economies.
**Contact:** Canadian Consulate General in Ho Chi Minh City, tel.: (011-84-8) 827-9899, email: hochi-td@international.gc.ca, website: www.foodnhotelvietnam.com.

**Amman, Jordan**
**May 8-11, 2006**
**Chemigate** is an exhibition featuring industrial and chemical products and will bring together elite international and regional specialists in these fields.
**Contact:** Canadian Embassy in Jordan, tel.: (011-962-6) 520-3300, fax: (011-962-6) 520-3394, email: amman-td@international.gc.ca, websites: www.infoexport.gc.ca/jo or www.tc-center.com.

**Ho Chi Minh City, Vietnam**
**October 12-14, 2006**
The **Vietnam Electricity Expo** has become one of the most important energy exhibitions in the region. With soaring power demands, Vietnam is full of opportunity for companies that can provide energy solutions.
**Contact:** Canadian Consulate General in Ho Chi Minh City, tel.: (011-84-8) 827-9899, email: hochi-td@international.gc.ca, website: www.cpexhibition.com.

**Lima, Peru**
**May 3-5, 2006**
Mine for golden opportunities at the **7th International Gold Symposium**. This conference and exhibition is one of South America's most important mining and metallurgy events.
**Contact:** Sociedad Nacional de Mineria, Petroleo y Energia, email: galbareda@snmpe.org.pe, website: www.snmpe.org.pe, or the Canadian Embassy in Peru, email: lima.commerce@international.gc.ca, tel: (011-511) 444-4015, fax: (011-511) 444-4347.

**Hannover, Germany**
**April 24-28, 2006**
**Hannover Fair** is made up of 11 high-profile trade fairs that will feature mechanical and plant engineering, electrical engineering, electronics, and the automotive and energy sectors. Last year's event attracted over 200,000 visitors.
**Contact:** Co-Mar Management Services Inc., tel.: (905) 477-5224, email: info@hf-canada.com, websites: www.hf-canada.com or www.hannovermesse.de.

**Abuja, Nigeria**
**April 3-5, 2006**
With Nigeria's proven oil reserves of 35.2 billion barrels and natural gas reserves of 176 trillion cubic feet, attending **Nigeria's Oil and Gas Exhibition and Conference** can open many doors for Canadian companies in this sector.
**Contact:** Canadian Deputy High Commission in Lagos, tel.: (011-234-1) 262-2512/3/5, fax: (011-234-1) 262-2516/7, email: lagos-td@international.gc.ca, websites: www.infoexport.gc.ca or www.cwcnog.com.

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